

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Roseville Housing Commission	County Macomb
Audit Date 3/31/04	Opinion Date 6/2/04	Date Accountant Report Submitted to State: 9/1/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

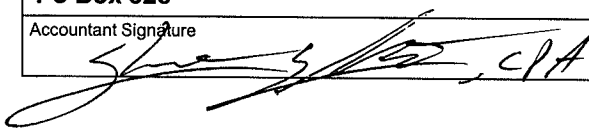
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC			
Street Address Po Box 828	City Iron Mountain	State MI	ZIP 49801
Accountant Signature 		Date 9-1-04	

CITY OF ROSEVILLE HOUSING COMMISSION

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

CITY OF ROSEVILLE HOUSING COMMISSION

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

Principals - Iron Mountain:
L. Robert Schaut, CPA
David J. Johnson, CPA
Shane M. Ellison, CPA

Member of:
Private Companies Practice Section
American Institute of Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

We have audited the accompanying general purpose financial statements of City of Roseville Housing Commission ("Commission") as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Commissioners and management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Roseville Housing Commission as of March 31, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated June 2, 2004, on our consideration of City of Roseville Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Financial Data Schedule listed in the table of contents and the accompanying Schedule of Expenditures of Federal Awards as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Roseville Housing Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants

Iron Mountain, Michigan
June 2, 2004

CITY OF ROSEVILLE HOUSING COMMISSION
- ENTERPRISE FUND

BALANCE SHEET

March 31, 2004

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 30,638
Accounts receivable	135,820
Investments	3,613,571
Prepaid expenses	38,647
Interprogram due from	42,233

TOTAL CURRENT ASSETS	3,860,909
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FIXED ASSETS:

Land and improvements	368,360
Buildings	7,230,896
Equipment	344,215

Less accumulated depreciation	7,943,471 (4,492,402)
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NET FIXED ASSETS	3,451,069
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TOTAL ASSETS	\$ 7,311,978
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LIABILITIES AND EQUITY

LIABILITIES:

Accounts payable	\$ 10,361
Accrued liabilities	231,950
Interprogram due to	42,233
Current maturities of long-term debt	175,000

TOTAL CURRENT LIABILITIES	459,544
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OTHER LIABILITIES	20,163
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LONG-TERM DEBT - less current maturities	675,000
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TOTAL LIABILITIES	1,154,707
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EQUITY:

Contributed capital - net of accumulated depreciation	448,447
Retained earnings - unreserved	5,708,824

TOTAL EQUITY	6,157,271
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TOTAL LIABILITIES AND EQUITY	\$ 7,311,978
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF ROSEVILLE HOUSING COMMISSION
- ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS

For the Year Ended March 31, 2004

OPERATING REVENUES:

Tenant revenue	\$ 682,428
Program grants-subsidies	<u>2,188,641</u>
 TOTAL OPERATING REVENUES	 <u>2,871,069</u>

OPERATING EXPENSES:

Administration	327,411
Tenant services	9,697
Utilities	192,847
Maintenance	301,687
General	77,457
Housing assistance payments	1,579,367
Depreciation	<u>280,978</u>
 TOTAL OPERATING EXPENSES	 <u>2,769,444</u>

OPERATING INCOME	<u>101,625</u>
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OTHER INCOME (EXPENSES):

Interest expense	(43,563)
Interest income	16,991
Other income	15,873
Gain on sale of fixed assets	<u>40</u>
 TOTAL OTHER INCOME (EXPENSES)	 <u>(10,659)</u>

NET INCOME	90,966
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ADD:

Prior period adjustment	66
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RETAINED EARNINGS, BEGINNING OF PERIOD	<u>5,617,792</u>
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RETAINED EARNINGS, END OF PERIOD	<u><u>\$ 5,708,824</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 90,966
Adjustments to reconcile operating income to net cash provided from operating activities:	
Depreciation	280,978
Gain from sale of investments	40
Change in assets and liabilities:	
(Increase) Decrease:	
Accounts receivable	(122,106)
Prepaid expenses	(4,324)
Other assets	(42,233)
Increase (Decrease):	
Accounts payable	(133,460)
Accrued liabilities	121,024
Other liabilities	44,526

NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>235,411</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	40
Purchase of investments	(294,681)
Purchase of fixed assets	<u>(199,249)</u>

NET CASH (USED) BY INVESTING ACTIVITIES	<u>(493,890)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Debt reduction - principal payments	<u>(150,000)</u>
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NET CASH (USED) BY FINANCING ACTIVITIES	<u>(150,000)</u>
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NET (DECREASE) IN CASH	(408,479)
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CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>439,117</u>
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CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 30,638</u></u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest Paid	<u><u>\$ 46,075</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

The City of Roseville Housing Commission (Commission) was formed under the criteria established for low income housing programs by the United States Department of Housing and Urban Development. The Commission operates under a board of commissioners appointed by the City Council.

It is the Commissions policy to apply accounting principles generally accepted in the United States of America to present fairly its financial position, results of operations, and cash flows. The significant accounting policies utilized by the Commission are described below:

- A. Reporting Entity- In evaluating how to define the Commission, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic -but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Commission and/or it's constituents, or whether the activity is conducted within the geographic boundaries of the Commission and is generally available to it's constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Commission is able to exercise oversight responsibilities.

Based upon the application of these criteria, the general purpose financial statements of the City of Roseville Housing Commission contain all the funds and account groups controlled by the Commission's Board of Commissioners as no other entity meets the criteria to be considered a component unit of the Commission nor is the Commission a component unit of another entity.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

- B. Fund Accounting - The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Commission functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following fund is used by the Commission:

Proprietary fund

Enterprise fund. To account for operations (1) that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Commission elects to apply FASB pronouncements issued on or after November 30, 1989 unless they conflict with or contradict GASB pronouncements.

- C. Basis of Accounting - The accrual basis of accounting is used by the proprietary fund. Under this method, revenues are recorded when earned. Expenditures are recorded when the related fund liability is incurred.
- D. Budgets - Budgets are adopted on a basis prescribed or permitted by the Department of Housing and Urban Development. All annual appropriations lapse at fiscal year end. The Commission follows these procedures in establishing the budgetary date reflected in the financial statements:
1. The Director submits to the Board a proposed operating budget for the fiscal year commencing on January 1st. The operating budget includes proposed expenses and the means of financing them. Prior to March 31st, the budget is legally adopted by Board resolution.
 2. Formal budgetary integration is employed as a management control device during the year.
 3. The budget has been amended. Supplemental appropriations were made during the year with the last one approved prior to March 31st.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

- E. Cash and Equivalents - Cash and equivalents consist of cash in checking and saving accounts and cash on hand. For purposes of the statement of cash flows, the Commission considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.
- F. Investments - Investments are stated at fair market value.
- G. Prepaid Expenditures - Prepaid expenditures, such as insurance premiums, which are expected to be written off within the next fiscal year are included in net current assets. Reported expenditures are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.
- H. Fixed Assets - Fixed assets are stated at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Depreciation is recorded in the proprietary fund using the straight-line method over the following years:

Building & improvements	10-40 years
Equipment	5-10 years

Depreciation expense was \$280,978.

- I. Compensated Absences - Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a liability.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES
(Continued)

- J. Equity - The retained earnings unreserved represents the amounts available for budgeting future operations. The financial statements include the Proprietary Fund with a cumulative fund balance at March 31, 2004 of \$4,941,591.

The contributed capital represents the contributions which were contributed to the Commission. They were recorded at their fair market values at the time of the contribution. These amounts totaled \$1,215,680 at March 31, 2004.

NOTE B - CASH & INVESTMENTS - CREDIT RISK

Cash and investments consisted of interest bearing cash and investment accounts and were in accordance with State of Michigan statutes. Those statutes do not mandate that accounts be partially or fully insured or collateralized. However, the U. S. Department of Housing and Urban Development (HUD) requires that all funds be fully collateralized in excess of the insured amount.

Statutory authority:

Michigan law (Act 196 PA 1997) authorizes the Housing Commission to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE B – CASH & INVESTMENTS – CREDIT RISK(Continued)

- d. Repurchase agreements consisting of instruments listed in a.
- e. Bankers' acceptance of United States Banks.
- f. Obligations of this State or any of its political subdivisions at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-4 to 80a-64, with the authority to purchase investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Cash and investments are classified as to credit risk by the following three categories.

Category 1 - Insured or registered, or securities held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE B –CASH & INVESTMENTS – CREDIT RISK (Continued)

The Commission's cash and investments are categorized as follows:

	<u>Category</u>			<u>Cost Value</u>	<u>Market Value</u>	<u>Bank Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Petty cash	\$ 400	\$ -	\$ -	\$ 400	\$ -	\$ -
Cash and equivalents	30,238	-	-	30,238	-	48,471
Sweep accounts	3,600,000	-	-	3,600,000	-	3,600,000
Certificates of deposit	<u>13,571</u>	<u>-</u>	<u>-</u>	<u>13,571</u>	<u>13,571</u>	<u>13,571</u>
	<u>\$3,644,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,644,209</u>	<u>\$ 13,571</u>	<u>\$3,662,042</u>
Cash and equivalents				\$ 30,638		
Investments				<u>3,613,571</u>		
Total cash and investments				<u>\$3,644,209</u>		

The Commission's cash and investments were fully insured at March 31, 2004.

NOTE C - FIXED ASSETS

	<u>Balance 4-1-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3-31-04</u>
Land	\$ 368,360	\$ -	\$ -	\$ 368,360
Building & improvements	7,058,878	172,018	-	7,230,896
Equipment	<u>348,160</u>	<u>27,231</u>	<u>(31,176)</u>	<u>344,215</u>
	<u>\$7,775,398</u>	<u>\$199,249</u>	<u>\$ (31,176)</u>	<u>\$7,943,471</u>

NOTE D - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF ROSEVILLE HOUSING COMMISSION
-ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

(Continued)

NOTE E- PENSION PLAN

The Commission has established a pension plan of which the commission contributes a percentage of qualified wages. To be eligible, an employee must have twelve continuous months of service. The Commission contributions to the Plan during the year amounted to \$45,637.

NOTE F – LONG-TERM DEBT

On March 31, 1993 the original bond issued for the New Construction Program building with a remaining balance of \$2,450,000 was refinanced and named the "Building Authority Refunding Bonds, Series 1993" and is a general obligation unlimited tax bond.

Bonds payable due in annual installments of \$150,000 to \$175,000 through May 1, 2008 with interest at 7%.	\$ 850,000
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Long-term debt matures as follows:

Year Ended March 31, 2005	\$ 175,000
2006	175,000
2007	175,000
2008	175,000
2009	<u>150,000</u>
	<u>\$ 850,000</u>

SUPPLEMENTARY DATA

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
ASSETS:							
CURRENT ASSETS:							
Cash:							
111	Cash - unrestricted	37,306	7,227	-	(15,820)	-	28,713
114	Cash - tenant security deposits	1,559	366	-	-	-	1,925
100	Total cash	38,865	7,593	-	(15,820)	-	30,638
Accounts and notes receivables:							
122	Accounts receivable- HUD Other Projects	-	-	-	93,587	42,233	135,820
126	Accounts receivable- tenants - dwelling rents	45	-	-	-	-	45
126.1	Allowance for doubtful accounts - dwelling rents	(45)	-	-	-	-	(45)
120	Total receivables, net of allowances for doubtful accounts	-	-	-	93,587	42,233	135,820
Current investments							
131	Investments	2,496,000	844,571	-	273,000	-	3,613,571
142	Prepaid expenses and other assets	18,258	13,781	-	6,608	-	38,647
144	Interprogram due from	-	42,233	-	-	-	42,233
150	TOTAL CURRENT ASSETS	2,553,123	908,178	-	357,375	42,233	3,860,909

NONCURRENT ASSETS:

Fixed assets:

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
161	Land	355,000	13,360	-	-	-	368,360
162	Buildings	3,966,412	1,635,800	-	-	-	5,602,212
163	Furniture, equipment & machinery - dwelling	74,966	4,786	-	31,361	24,626	135,739
164	Furniture, equipment & machinery - administration	128,624	28,280	-	51,572	-	208,476
165	Leasehold improvements	923,310	649,976	-	37,791	17,607	1,628,684
166	Accumulated depreciation	(2,705,691)	(1,709,583)	-	(77,128)	-	(4,492,402)
160	Total fixed assets, net of accumulated depreciation	2,742,621	622,619	-	43,596	42,233	3,451,069
180	TOTAL NONCURRENT ASSETS	2,742,621	622,619	-	43,596	42,233	3,451,069
190	TOTAL ASSETS	5,295,744	1,530,797	-	400,971	84,466	7,311,978

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
LIABILITIES AND EQUITY:							
LIABILITIES:							
CURRENT LIABILITIES							
312	Accounts payable ≤ 90 days	-	9,935	-	426	-	10,361
321	Accrued wages/payroll taxes payable	34,386	22,837	-	25,377	-	82,600
322	Accrued compensated absences	-	5,041	-	-	-	5,041
325	Accrued interest payable	17,792	-	-	-	-	17,792
333	Accounts payable - other government	22,171	15,255	-	-	-	37,426
341	Tenant security deposits	30,451	21,362	-	-	-	51,813
342	Deferred revenues	4,397	5,739	-	-	-	10,136
343	Current portion of long-term debt- capital projects/ mortgage revenue bonds	175,000	-	-	-	-	175,000
346	Accrued liabilities - other	13,571	13,571	-	-	-	27,142
347	Interprogram due to	-	-	-	-	42,233	42,233
310	TOTAL CURRENT LIABILITIES	297,768	93,740	-	25,803	42,233	459,544
351	Long-term debt, net of current capital projects/mortgage revenue bonds	675,000	-	-	-	-	675,000
354	Accrued compensated absences	-	20,163	-	-	-	20,163
350	TOTAL NONCURRENT LIABILITIES	675,000	20,163	-	-	-	695,163
300	TOTAL LIABILITIES	972,768	113,903	-	25,803	42,233	1,154,707

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
EQUITY:							
Contributed Capital:							
504	Net HUD PHA contributions	-	286,204	-	-	-	286,204
507	Other contributions	-	162,243	-	-	-	162,243
508	Total contributed capital	-	448,447	-	-	-	448,447
512	Undesignated fund balance/ retained earnings	4,322,976	968,447	-	375,168	42,233	5,708,824
513	TOTAL EQUITY	4,322,976	1,416,894	-	375,168	42,233	6,157,271
600	TOTAL LIABILITIES AND EQUITY	5,295,744	1,530,797	-	400,971	84,466	7,311,978

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
REVENUE:							
703	Net tenant rental revenue	391,194	280,416	-	-	-	671,610
704	Tenant revenue - other	6,664	4,154	-	-	-	10,818
705	Total tenant revenue	397,858	284,570	-	-	-	682,428
706	HUD PHA grants	-	92,217	-	1,759,806	-	1,852,023
706.1	Capital grants	-	-	-	-	42,233	42,233
708	Other government grants	294,385	-	-	-	-	294,385
711	Investment income - unrestricted	12,459	3,250	-	1,282	-	16,991
714	Fraud recovery	-	-	-	4,852	-	4,852
715	Other revenue	5,743	5,278	-	-	-	11,021
716	Gain / Loss on sale of fixed assets	40	-	-	-	-	40
700	TOTAL REVENUE	710,485	385,315	-	1,765,940	42,233	2,903,973
EXPENSES:							
Administrative							
911	Administrative salaries	47,696	34,000	-	102,993	-	184,689
912	Auditing fees	538	538	-	1,075	-	2,151
914	Compensated absences	-	2,866	-	-	-	2,866
915	Employee benefit contributions- administrative	16,730	13,403	-	50,826	-	80,959
916	Other operating- administrative	18,885	10,011	-	27,850	-	56,746
	Total Administrative	83,849	60,818	-	182,744	-	327,411

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
924	Tenant services - other	5,186	4,511	-	-	-	9,697
	Utilities						
931	Water	18,813	14,793	-	-	-	33,606
932	Electricity	59,495	65,299	-	-	-	124,794
933	Gas	29,523	4,924	-	-	-	34,447
	Total Utilities	107,831	85,016	-	-	-	192,847
	Maintenance						
941	Ordinary maintenance and operations - labor	77,507	65,000	-	-	-	142,507
942	Ordinary maintenance and operations - materials & other	18,439	11,170	-	-	-	29,609
943	Ordinary maintenance and operations - contract costs	41,858	34,398	-	-	-	76,256
945	Employee benefit contributions- ordinary maintenance	27,297	26,018	-	-	-	53,315
	Total Maintenance	165,101	136,586	-	-	-	301,687

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

<u>Line Item #</u>	<u>Account Description</u>	<u>N/C S/R</u>	<u>Low Rent</u>	<u>Section 8</u>	<u>Section 8</u>	<u>Housing Choice</u>	<u>Public Housing</u>	<u>TOTAL</u>
		<u>Section 8</u>	<u>Public</u>	<u>Rental</u>	<u>Voucher</u>	<u>Vouchers</u>	<u>Capital Fund</u>	
		<u>Programs</u>	<u>Housing</u>	<u>Program</u>	<u>Program</u>		<u>Program</u>	
General expenses								
961	Insurance premiums	18,990	13,708	-	-	5,733	-	38,431
962	Other general expenses	110	310	-	-	677	-	1,097
963	Payments in lieu of taxes	22,171	15,255	-	-	-	-	37,426
964	Bad debts - tenant rents	503	-	-	-	-	-	503
967	Interest expense	43,563	-	-	-	-	-	43,563
	Total General Expenses	85,337	29,273	-	-	6,410	-	121,020
969	TOTAL OPERATING EXPENSES	447,304	316,204	-	-	189,154	-	952,662
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	263,181	69,111	-	-	1,576,786	42,233	1,951,311
973	Housing assistance payments	-	-	-	-	1,579,367	-	1,579,367
974	Depreciation expense	187,336	81,698	-	-	11,944	-	280,978
900	TOTAL EXPENSES	634,640	397,902	-	-	1,780,465	-	2,813,007

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

Enterprise Fund

Financial Data Schedule

For the Year Ended March 31, 2004

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Section 8 Rental Voucher Program	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	75,845	(12,587)	-	(14,525)	42,233	90,966
MEMO account information							
1102	Debt principal payments - enterprise funds	150,000	-	-	-	-	150,000
1103	Beginning equity	4,247,131	1,174,951	389,693	-	254,464	6,066,239
1104	Prior Period Adjustments, Equity Transfers	-	254,530	(389,693)	389,693	(254,464)	66
1112	Depreciation "add back"	-	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	1,620,418	-	1,620,418
1115	Contingency Reserve, ACC Program Reserve	-	-	-	291,322	-	291,322
1116	Total Annual Contributions Available	-	-	-	1,911,740	-	1,911,740
1120	Unit months available	1,608	1,236	-	3,708	-	6,552
1121	Number of unit months leased	1,564	1,207	-	3,677	-	6,448

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

FEDERAL AUDIT REPORTS

For the Year Ended March 31, 2004

CITY OF ROSEVILLE HOUSING COMMISSION

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH “GOVERNMENT AUDITING STANDARDS”**

Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

We have audited the general purpose financial statements of the City of Roseville Housing Commission as of and for the year ended March 31, 2004, and have issued our report thereon dated June 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “*Government Auditing Standards*”, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Roseville Housing Commission’s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under “*Government Auditing Standards*”.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Roseville Housing Commission’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management and the Department of Housing and Urban Development.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants

Iron Mountain, Michigan
June 2, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

Compliance

We have audited the compliance of City of Roseville Housing Commission with the types of compliance requirements described in the “*U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*” that are applicable to each of its major federal programs for the year ended March 31, 2004. City of Roseville Housing Commission’s major federal programs are identified in the summary of Auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Roseville Housing Commission’s management. Our responsibility is to express an opinion on City of Roseville Housing Commission’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in “*Government Auditing Standards*”, issued by the Comptroller General of the United States; and OMB Circular A-133, “*Audits of States, Local Governments, and Non-Profit Organizations*”. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Roseville Housing Commission’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Roseville Housing Commission’s compliance with those requirements.

In our opinion City of Roseville Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

Internal Control Over Compliance

The management of City of Roseville Housing Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Roseville Housing Commission’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, the U.S. Department of Housing and Urban Development, and other Federal audit agencies.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Iron Mountain, Michigan
June 2, 2004

CITY OF ROSEVILLE HOUSING COMMISSION

Year End: March 31, 2004

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>3-31-04 Federal Expenditures</u>
Operating Subsidy	14.850	\$ 92,217
Section 8 Voucher	14.871	1,759,806
Section 8 New Construction	14.182	294,385
Capital Funding	14.872	<u>42,233</u>
Total Department of Housing and Urban Development		<u>\$2,188,641</u>
TOTAL FEDERAL EXPENDITURES		<u>\$2,188,641</u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS

For the Year Ended March 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Roseville Housing Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - COST REPORTS

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the modernization cost reports.

CITY OF ROSEVILLE HOUSING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended March 31, 2004

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion of the general purpose financial statements of the City of Roseville Housing Commission.
2. There were no reportable conditions relating to the audit of the general purpose financial statements.
3. There were no instances of noncompliance material to the general purpose financial statements of the City of Roseville Housing Commission.
4. There were no reportable conditions relating to the audit of the major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Roseville Housing Commission expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Roseville Housing Commission.
7. The programs tested as major programs included:
 - A. Section 8 Vouchers – CFDA 14.871
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Roseville Housing Commission was determined to be a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no findings or questioned costs.

C. PRIOR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no prior findings or questioned costs.